

DAVID Y. IGE
GOVERNOR OF HAWAII



**STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES**

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HONOLULU, HAWAII 96809

**Testimony of
CARTY S. CHANG
Interim Chairperson**

**Before the House Committee on
FINANCE**

**Tuesday, March 3, 2015
11:00 AM
State Capitol, House Conference Room 308**

**In consideration of
HOUSE BILL 1168
RELATING TO THE BOATING SPECIAL FUND**

House Bill 1168 proposes to authorize the Department of Land and Natural Resources' (Department) Division of Boating and Ocean Recreation (DOBOR) to use the Boating Special Fund to pay for the hiring of staff positions for the planning, development, management, operations, or maintenance of lands and improvements under DOBOR's control and management, including positions that are exempt from Chapter 76, Hawaii Revised Statutes. **The Department strongly supports this measure.**

DOBOR is responsible for managing all the State's small boat harbors and facilities and overseeing activities on the state's ocean waters, and DOBOR's boating special fund is the primary source of funding for its capital improvement projects, the repair and maintenance of its harbors and facilities, and its operations. DOBOR also controls public lands, improvements, and facilities that are grossly underutilized and could generate substantial revenues for the boating special fund. These public state lands and facilities are held in public trust for the benefit of the trust beneficiaries, and as the manager of these public assets, DOBOR has a fiscal responsibility and fiduciary duty to manage and utilize these lands to their highest and best use and in a manner that will best serve the trust beneficiaries, i.e., the general public. Allowing these public lands and facilities to remain underutilized would be detrimental to the boating public, the general public, and the taxpayers and would conflict with DOBOR's fiscal responsibility and fiduciary duty.

The State Legislature has recognized the need for DOBOR to put its underutilized lands to better use, and in 2011, the Legislature passed legislation that was enacted into law as Act 197 directing DOBOR "to lease fast lands and submerged lands at the Ala Wai Boat Harbor using the request for proposals process for the public-private partnership development, management, and operations of

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FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

areas of Ala Wai Boat Harbor.” The Legislature also passed legislation that was enacted into law as Act 153 (2011) to further facilitate DOBOR’s development of its lands by eliminating the need for special management area permits.

Real estate planning and development, however, is a unique field that requires specialized skills, experience, and expertise. While DOBOR’s existing staff has knowledge in boating and ocean recreation, it does not possess the necessary skills to effectuate the planning and development of DOBOR’s underutilized public lands and facilities. As such, DOBOR needs to hire new staff members that possess those special skills and expertise. Real estate planning and development, however, is not a traditional government function and therefore, positions requiring such experience and expertise cannot be obtained through DOBOR’s existing civil service positions or normal civil service recruitment procedures. House Bill 1168 would give DOBOR the ability to hire staff that possess the necessary experience and expertise to develop its lands and facilities.

For example, in order to comply with the directives of Act 197, DOBOR borrowed an existing exempt employee from another division within the Department. This exempt employee possessed over 20 years of private sector experience in the areas of real estate development, real estate law, and finance, which are all areas of expertise that DOBOR’s staff does not possess. This exempt employee on loan to DOBOR successfully: (1) drafted, issued and processed a request for proposals for certain lands at the Ala Wai Boat Harbor; (2) coordinated the review and selection of the developer; and, (3) negotiated agreements that have generated over \$1.1 million for DOBOR’s boating special fund and in-kind services valued at approximately \$2 million (e.g., land use entitlements, site work, and hazardous materials testing and remediation), all of which the exempt employee negotiated be done by the developer at no cost to the State or the taxpayers. As such, DOBOR is now seeking the ability to hire exempt staff members of its own who possess such real estate planning and development experience and expertise to work on other public state lands and facilities under DOBOR’s control.

For these reasons, the Department strongly supports this bill.



Ocean Tourism Coalition

The Voice for Hawaii's Ocean Tourism Industry

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COMMITTEE ON FINANCE

Rep. Sylvia Luke, Chair

Rep. Scott Y. Nishimoto, Vice Chair

DATE: Tuesday, March 3, 2015

TIME: 11:00 A.M.

PLACE: Conference Room 308

TESTIMONY OF THE OCEAN TOURISM COALITION
SPEAKING IN SUPPORT OF HB 1168

My name is James E. Coon, President of the Ocean Tourism Coalition. The OTC represents over 300 small ocean tourism businesses state wide. Most of these are family businesses which are locally owned and operated. Many of them have been in business for several decades and are an important and valued part of their respective communities.

The Ocean Tourism Industry depends on Harbors, Breakwaters, Navigational aids, Harbor support facilities, etc.

It is absolutely vital that the State of Hawaii not lose this very important position and be able to effectively manage our State resources.

Please pass HB 1168.

Sincerely,

James E. Coon, President
The Ocean Tourism Coalition
Captcoon@gmail.com
808-870-9115

finance1-Kim

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, February 28, 2015 4:27 PM
To: FINTestimony
Cc: anthony_orozco@yahoo.com
Subject: Submitted testimony for HB1168 on Mar 3, 2015 11:00AM

HB1168

Submitted on: 2/28/2015

Testimony for FIN on Mar 3, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Anthony Orozco	Individual	Oppose	No

Comments: Another money burning special fund.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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